



October 28, 2009

Dr. Lawrence Goulder
Chair, Economic and Allocation Advisory Committee
California Air Resources Board
1001 I Street
Sacramento, CA 95814
Comments sent via email to: eaac@calepa.ca.gov

Dear Dr. Goulder and Members of EAAC:

We would like to call your attention to legislation that was passed by the California legislature in September 2009. AB 1404 (De Leon) sets a quantitative limit on the use of compliance offsets in a state cap and trade program of no more than 10% of the emission reductions.

The bill also prohibits the use of offsets from the Kyoto Protocol's Clean Development Mechanism (CDM) for compliance with AB 32. Our work has shown serious flaws with the CDM, including that a large proportion of CDM projects do not actually represent emission reductions. They have been proven to be "non-additional," which means that they would have occurred under business-as-usual without CDM funding.

More than 90 organizations, businesses, and experts endorsed and worked in support of AB 1404, including International Rivers. The endorsers represent a broad range of clean tech business, labor, public health, social equity, and environmental experts and organizations.

On October 12, the governor vetoed AB 1404. His carefully worded veto message stated that the bill was premature because the EAAC has not yet completed its set of recommendations on how the cap and trade program should be designed. In light of this veto message, we encourage the EAAC subcommittees to adopt the recommendations made by the Union of Concerned Scientists, and to recommend that CARB exclude the CDM from AB 32's cap and trade system.

International Rivers is a Berkeley-headquartered nonprofit that supports communities around the world fighting destructive dams, and works to encourage better ways of meeting people's needs for water, energy and protection from damaging floods. Since 2000, we have been closely monitoring the development of the CDM, by far the largest source of international carbon offsets. For more information on our CDM work, see www.internationalrivers.org/en/node/384.

Please do not hesitate to contact me for further information. I would be happy to meet with you or your staff on any of the issues relating to offsets and the CDM.

Sincerely,

Patrick McCully
Executive Director
International Rivers